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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

PMA0064 – ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

5 OCTOBER 2022
9.00AM – 11.00AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **THREE** pages (excluding cover page) with **FOUR** questions.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet provided.

Question 1

BACH Company has five activity cost pools and two products (AA tape and CC tape).

Activity Cost Pool	Cost Driver	RM	Cost Drivers by Product	
		Overhead Cost	AA	CC
Ordering and receiving	Orders	110,000	600	400
Machine setup	Setups	297,000	500	400
Machining	Machine hours	1,000,000	150,000	100,000
Assembly	Parts	1,200,000	1,200,000	800,000
Inspection	Inspections	300,000	550	450

Required

- Compute the activity-based overhead rates for each activity. (10 marks)
- Compute the overhead cost assigned to each product. (15 marks)

(Total 25 marks)

Question 2

Suki Pumps is a division of US Controls Corporation. The division manufactures and sells a pump that is used in a wide variety of applications. For the coming year, it expects to sell 30,000 units for RM20 per unit.

Division Information – August 2023

Beginning inventory	0
Expected sales in units	30,000
Expected units to be produced	50,000
Normal output	50,000
Selling price per unit	RM20
Direct material per unit	RM4
Direct labour per unit	RM2
Variable manufacturing overhead per unit	RM1
Fixed manufacturing overhead costs (total)	RM300,000
Selling and administrative expenses (all fixed)	RM25,000

Required

- Compute the product cost per unit by using variable and absorption costing method. (5 marks)
- Prepare statement of profit or loss and other comprehensive income for the year ended 31 August 2023 using absorption costing. (9 marks)
- Prepare statement of profit or loss and other comprehensive income for the year ended 31 August 2023 using variable costing. (11 marks)

(Total 25 marks)

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Question 3

UPP Bhd. uses a process cost system. Production begins in the Fabricating Department where materials are added at the beginning of the process and conversion costs are incurred uniformly throughout the process. On 1 March, the beginning work in process inventory consisted of 20,000 units which were 60% complete and had a cost of RM125,000, RM95,000 of which were materials costs.

During March, the following occurred:

Materials added	RM230,000
Conversion costs incurred	RM129,000
Units completed and transferred out in March	50,000
Units in ending work in process 31 March (20% complete)	15,000

Required

- How many physical units have to be accounted for in March? (6 marks)
- What are the equivalent units of production for materials and for conversion costs for the month of March? (8 marks)
- What are the unit costs for materials, conversion and the total unit cost? (7 marks)
- What is the total cost assigned? (4 marks)

(Total 25 marks)

Question 4

You as the Cost Accountant of MS Company, have been given the following budgeted information regarding the four cost centres within your organisation.

	P1 (RM)	P2 (RM)	S1 (RM)	S2 (RM)	Total (RM)
Indirect labour	60,000	70,000	30,000	15,000	175,000
Indirect materials	12,000	16,000	6,000	10,000	44,000
Lighting					12,000
Rent					20,000
Depreciation of machinery					30,000
Supervision					28,000
Power					20,000
Total					329,000

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You are also given the following information.

	P1	P2	S1	S2	Total
Floor space (m ²)	10,000	12,000	5,000	3,000	30,000
Book value of machinery	150,000	120,000	20,000	10,000	300,000
Number of employees	40	30	10	-	80
Kilowatt hours	4,500	4,000	1,000	500	10,000

Additional information:

- i. S2 staff are outside contractors.
- ii. P1 and P2 are production cost centres and the S1 and S2 are service cost centres.
- iii. S2 must be allocated first to other departments followed by S1.
- iv. S2 provides services to P1, P2 and S1 based on 50%: 37.5%: 12.5% basis. S1 provides 4,000 service hours to P1 and 3,000 service hours to P2.
- v. Machine hours and labour hours are used to calculate overhead absorption rate for P1 and P2 respectively.
- vi. 6,320 machine hours and 7,850 labour hours are estimated for P1 and P2 respectively.
- vii. Actual overhead for P1 was RM155,000 while actual overhead for P2 was RM156,000.
- viii. 6,000 machine hours were worked for P1 while 7,900 labour hours were worked for P2.

Required

- a) Prepare an overhead analysis sheet, showing the allocation of overheads to the four cost centres and the reapportionment of service cost centres overheads. (Round up your answers to the nearest RM) (22 marks)
- b) Compute the overhead absorption rates for P1 on the basis of machine hours and P2 on the basis of labour hours. (1 mark)
- c) Compute the over/under absorption of overheads for each department. (2 marks)

(Total 25 marks)

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